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IN THE

# Supreme Court of the United States

OCTOBER TERM, 1956

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No. 781

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PITTSBURGH-ERIE SAW CORPORATION, *Petitioner*

v.

SOUTHERN SAW SERVICE, INC., *Respondent*

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## BRIEF IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI

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### I.

### OPINIONS BELOW

The opinion of the District Court (App. A of Petition, p. 1) is reported at 136 F. Supp. 96. The opinion of the Circuit Court of Appeals for the Fifth Circuit (App. A of Petition, p. 13) is reported at 239 F. 2d 339.

### II.

### JURISDICTION

The jurisdictional requisites are adequately set forth in the Petition.

## III.

## QUESTION PRESENTED

Has respondent acquired an intervening right under the patent laws to operate *one* machine which folds paper wrappings on band saw blades?

## IV.

## STATUTES INVOLVED

The pertinent provisions of the United States Patent Laws are set forth in the Petition at pp. 3-7.

## V.

## STATEMENT OF THE CASE

During the year 1948, respondent built one machine designed to put a paper wrapping on band saw blades. In 1949 petitioner obtained a patent on a similar machine, which patent was reissued in 1950. The reissued patent is involved in this suit. The accused machine does not infringe any claim of the reissued patent which was in the original patent.

In 1954 petitioner brought suit against respondent for patent infringement. Respondent defended on the grounds that it had acquired intervening rights to continue to use the one machine which had been built; that there was no infringement; and that petitioner's patent was invalid. All three issues were determined adversely to respondent by the District Court, and on appeal the last two issues were affirmed by the Court of Appeals. The Court of Appeals reversed the District Court on the question of intervening rights and held that respondent was "entitled to the continued use of the accused machine".

The only issue involved in this petition for a writ of certiorari is whether or not the Court of Appeals was correct in holding that the respondent acquired an intervening right to operate one machine to put paper wrappings on band saw blades.

The history of this litigation and the basic facts involved are set out in the Petition at pp. 7-12. Many of the statements of fact are based on the formal findings of fact made by the District Judge. On Appeal, respondent took exception to these formal findings. The Court of Appeals did not pass on a number of these exceptions, and questions of fact will necessarily arise if the questions presented by the Petition are to be considered. Petitioner's statement of the case must therefore be corrected so as to set out the underlying facts.

At the time that respondent built the accused machine, its President was under the impression that the article to be manufactured was itself patented (R. 365, 373-374). The machine was, therefore, only used on an experimental basis and the product was not put on the market until some time later. The evidence does not support petitioner's statement that the machine was built solely as a model and that respondent's only reason for building the same was to show it to petitioner (Petition, pp. 8-9).

Respondent spent Thirteen Hundred Sixty-four ($1364.00) Dollars on the construction of the machine in question (R. 325, 498-500). Respondent contends that its intervening right is not dependent on equities, but if it were, respondent would assert the equitable right to continue to use the machine and disputes petitioner's statement to the contrary (Petition, p. 9).

Petitioner's statement on page 10 of the Petition to the effect that the Chief Judge and the Trial Judge flatly disagree with two Judges of the Court of Appeals as to the construction of new Section 252 is not entirely accurate. Although the Chief Judge and the District Judge ruled in favor of petitioner, they did so for entirely different reasons and from all that appears in the Record, the District Judge might well agree with the majority opinion of the Court of Appeals on the point at issue here.

In connection with petitioner's Question 2 (Petition, pp. 2-3) dealing with the extent of respondent's intervening right, the Petition states that respondent materially altered the accused machine in 1953 (Petition, pp. 10-11). Neither the findings of the District Judge nor the Record support this statement. The only finding of the District Court relating to this point (App. A of Petition, p. 6) was that the "machine lacked elements necessary for commercial operation" prior to 1953. Moreover, the majority opinion of the Court of Appeals in Footnote 7 (App. A of Petition, p. 19) states that the machine was "modified *slightly* after the reissue but such changes which were primarily to increase the speed of the machine were *not* material * * *." (Italics in quotations added throughout this brief).

## VI.

## ARGUMENT

### 1. NO QUESTION OF PUBLIC IMPORTANCE IS INVOLVED

The question on which review is sought by petitioner could hardly be more narrow or more unique. As stated in the Petition (p. 7), the single issue involves an intervening right. The factual situation is there-

fore limited at the outset to one who manufactures an article prior to the date of a reissued patent. Respondent built only one band saw wrapping machine and the question is whether or not it shall be permitted to continue the use of that machine. As an alternate contention, petitioner urges that the old patent law should apply. The application of a decision on this latter point would be limited to situations arising before the new patent law became effective on January 1, 1953. A decision in this case will not affect any member of the public unless he has built and refrained from using commercially a single machine prior to the date that a reissued patent is granted; unless such machine infringes a valid claim of such reissued patent which was not included in the original patent; and, as to one of petitioner's arguments, unless all of these events took place prior to 1953.

The patent at issue is an apparatus or method patent for wrapping band saw blades or other endless, flexible flat articles. The accused machine is designed solely for use in wrapping band saw blades and as far as appears, the invention has no other substantial use. It is apparent therefore that this case deals with a segment of mechanical engineering of little or no public importance. As stated above, the only point is whether or not respondent may continue to use one such machine which cost Thirteen Hundred Sixty-four ($1364.00) Dollars.

Petitioner has tried hard to transform a correct and straightforward decision on a minor point of patent law into a monumental statutory construction problem. Throughout the course of this litigation petitioner has exaggerated the issues in this manner. The District Judge was led into error with a strenuous

argument that "and" means "or" and that the new law was the same as the old. This error having been corrected by the Court of Appeals (the Court was unanimous on this point), petitioner for all intents and purposes abandons the point. (Petition, p. 10).

In an effort to find an issue of public importance, petitioner now argues that respondent's rights should be granted only at the discretion of the Court. This argument flies in the teeth of the statute and is clearly without merit. Petitioner's second point about the extent of respondent's intervening right cannot be of public importance under any stretch of the imagination. Finally, the claim that the old law still applies, by the mere passage of time, becomes unimportant and also does violence to the clear meaning of the statute.

The new patent law became effective on January 1, 1953, yet petitioner points to no pending litigation on any of the points at issue. In fact, there have been very few decisions on any of these points. The absence of any such controversies surely indicates that these points are without public importance. If the Court is to find any time "for private study and reflection" as mentioned by Justice Frankfurter in a recent dissenting opinion, *Rogers* v. *Missouri-Pacific RR.*, 25 L.W. 4113, 4127 (U.S. 1957), it cannot afford to grant writs of certiorari in cases which only involve factual issues and minor points of patent law.

**2. THE DECISION IS CORRECT AS TO INTERVENING RIGHT**

**(a) Under the New Law Respondent Is Entitled to an Intervening Right**

The facts pertinent to this issue may be stated very briefly. Respondent made a machine in 1948. A patent covering a similar machine was issued to peti-

tioner in 1949 and that patent was reissued in 1950. Respondent's machine did not infringe any claim of the original patent which was carried over into the reissued patent, but the Court held that it did infringe new claims of the reissued patent.

The express language of Section 252 of the new law states unequivocably that respondent has an intervening right to continue the use of the accused machine. It reads:

> "No reissued patent shall abridge or affect the right of any person or his successors in business who made, purchased or used prior to the grant of a reissue anything patented by the reissued patent, to continue the use of, or to sell to others to be used or sold, the specific thing so made, purchased or used, unless the making, using or selling of such thing infringes a valid claim of the reissued patent which was in the original patent." 35 U.S.C. § 252.

There can be no doubt but what respondent's machine falls squarely within the language of the statute. It is a thing which was made prior to the grant of a reissued patent which does not infringe a valid claim of the reissued patent which was in the original patent. Even the House of Representatives Report dealing with this section of the patent law and cited with approval in the Petition at page 16, supports respondent's construction. The Report points out that certain legitimate activities may be protected at the discretion of the Court; then after the word *"and"*, the Report continues:

> "* * * *and* things made before the grant of the reissue are *not* subject to the reissue unless a claim of the original patent which is repeated in the re-

issue is infringed." Appendix to H. R. Rep. No. 1923, 82nd Cong. 2d Sess. (1952), p. 26.

Thus the very Committee Report on which petitioner relies makes it abundantly clear that the accused machine is "not subject" to the claims of the reissued patent.

If there can be any doubt whatsoever as to the correctness of this interpretation of the Act, such doubt must be dispelled by the discussion contained in the Commentary on the New Patent Act, by P. J. Federico, Examiner-in-Chief, U. S. Patent Office. This Commentary appears immediately preceding the new patent law at 35 U.S.C.A. In the House Report, supra, page 3, credit is given to Mr. Federico as one of the experts who acted as an adviser to the Judiciary Committee in its consideration and drafting of the bill as finally reported. Referring to new Section 252, he says:

> "First it should be noted that the critical date is the date of the grant of the reissue. If the intervenor has acted before the grant of the reissue he is protected under the circumstances mentioned in the statute. It is immaterial how long before the date of the reissue he started, if he started before the grant of the original patent he is still protected by the language of the statute.
> * * *
>
> * * *
>
> "With respect to the character of protection, the new statute provides two different degrees of protection, one is absolute and the other is within the discretion of the court. The specific things *made* before the date of the reissue, which infringe the new reissue claims, *are absolutely* free of the reissued patent and may be used or sold after the date of the reissue without regard to the pat-

> ent; in the language of the statute, the reissued patent *shall not* abridge or affect the right of any person 'to continue the use of, or to sell to others to be used or sold, the specific thing' made, used or purchased prior to the grant of the reissue. This absolute protection extends only to the specific objects actually made before the grant of the reissued patent and does not extend to the making of additional objects of identical or like kind. With respect to the latter the court is given discretion to act." 35 U.S.C.A., pp. 46-47.

The statute, the Committee Report, the Commentary by an adviser to the Judiciary Committee and the majority opinion of the Court of Appeals all agree that respondent has an intervening right to use the accused machine. It is respectfully submitted that no other construction of the statute is permissible.

**(b) The Extent of Respondent's Intervening Right**

For the first time, in its petition for a rehearing to the Court of Appeals, petitioner questioned the extent of respondent's intervening right. Now, for the second time, this same issue is presented by its petition for a writ of certiorari.

The first and only necessary answer to petitioner's contention is that it is absolutely unsupported by the facts. The contention is based on a claim that the accused machine was materially altered between the grant of the reissued patent and the date of bringing this suit. The Court of Appeals, in its opinion, however, stated (App. A of Petition, p. 19, Footnote 7):

> "The machine was modified slightly after the reissue but *such changes* which were primarily to increase the speed of the machine *were not material* * * *."

Even the finding by the District Court on which petitioner relies does not support the contention that the machine was materially altered. All the District Court found was that the machine "lacked elements necessary for commercial operation". (App. A of Petition, p. 6). It conclusively appears therefore that the accused machine was not materially altered.

Secondly, it may be said that this contention is so trivial and so evidently based on a pure question of fact as not to be worthy of consideration by this Court.

**(c) New Section 252 Applies**

Finally, petitioner contends that this case should have been controlled by Section 64 of the old law. Again, reference need only be made to the language of the new patent law itself. Section 4 provides:

> "(a) This Act shall take effect on January 1, 1953 * * *. It shall apply to unexpired patents granted prior to such date except as otherwise provided."
>
> Act, July 19, 1952, c. 950, 66 Stat. 815.

Nothing is otherwise provided about intervening rights.

That the new patent law applies to patents which were issued prior to its effective date has been well settled by the various Courts of Appeal. In *Hazeltine Research* v. *Avco Mfg. Corp.*, 227 F. 2d 137 (7th Cir. 1955), cert. denied 350 U.S. 987, 100 L. Ed. 854, 76 S. Ct. 474 (1956), the Court of Appeals for the Seventh Circuit was considering the question of whether or not a patent was properly reissued in 1942. The court flatly holds (p. 144) that "the 1952 statute, rather than the prior law, governs this case because

we are here considering an unexpired patent which is covered by section 4(a) of the 1952 enactment * * *." In the instant case, petitioner tries to argue that section 5 of the new law preserving certain rights and liabilities which existed on January 1, 1953, prevents the new law from applying. The *Hazeltine* case involved the validity of the reissued patent itself. If the ownership of a reissued patent for a number of years prior to the effective date of the new law does not create an existing right which will prevent the new law from applying, petitioner can hardly argue that the fact that under the old law it might have sued respondent to enjoin the use of the accused machine constitutes such a right.

Also one might inquire how petitioner could have sued prior to the effective date of the new law when it strenuously contends that respondent made no use of the accused machine prior to that time? (Petition p. 8).

Other Courts of Appeal have held that the new law applies to controversies depending on happenings prior to its effective date. *Pacific Contact Laboratories* v. *Solex Laboratories,* 209 F. 2d 529 (9th Cir. 1953); *Lyon* v. *Bausch & Lomb Optical Co.,* 224 F. 2d 530 (2d Cir. 1955) (involving the validity of a patent which was issued prior to the effective date of the new law); *United Mattress Machinery Co.* v. *Handy Button Machine Co.,* 207 F. 2d 1 (3rd Cir. 1953).

Five Courts of Appeal have considered whether or not the new law applies to patents issued prior to its effective date. It is their unanimous opinion (even including the dissenting Judge below) that the new law applies. It is submitted that they are correct.

Under this heading, petitioner argues that Claim 19 of the original patent was infringed and that this fact prevents respondent from acquiring intervening rights. Of course, this argument would only come into play if the Court found that the old law applies, but further, the facts do not support petitioner. The District Court did not find that the accused machine infringed Claim 19. Petitioner did not appeal from the findings of the District Court. Hence, no question about Claim 19 is properly before this Court.

## VII.

## CONCLUSION

It is respectfully submitted that the petition for writ of certiorari should be denied.

Respectfully submitted,

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## REPLY BRIEF FOR PETITIONER ON PETITION FOR WRIT OF CERTIORARI

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